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CLERK U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
SANTA ANA

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9 UNITED STATES DISTRICT COURT
10 CENTRAL DISTRICT OF CALIFORNIA
11 SOUTHERN DIVISION

12 NATHANIEL L. ANDERSON,
13 Individually and on Behalf of All Others
Similarly Situated,

14 Plaintiff,

15 vs.

16 PEREGRINE PHARMACEUTICALS,
17 INC., STEVEN W. KING, PAUL J.
18 LYTLE, JOSEPH S. SHAN and
ROBERT L. GARNICK,

19 Defendants.

VIA FAX

No. SACV12-01647 SVW (SHx)

CLASS ACTION

COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS

DEMAND FOR JURY TRIAL

JURISDICTION AND VENUE

1
2 1. The claims asserted herein arise under and pursuant to §§10(b) and 20(a)
3 of the Securities Exchange Act of 1934 (the “1934 Act”) (15 U.S.C. §§78j(b) and
4 78t(a)) and Rule 10b-5 (17 C.F.R. §240.10b-5) promulgated thereunder by the U.S.
5 Securities and Exchange Commission (“SEC”).

6 2. This Court has jurisdiction over the subject matter of this action pursuant
7 to 28 U.S.C. §1331 and §27 of the 1934 Act (15 U.S.C. §78aa).

8 3. Venue is proper in this District pursuant to §27 of the 1934 Act and 28
9 U.S.C. §1391(b), as many of the acts and practices complained of herein occurred in
10 substantial part in this District.

11 4. Peregrine Pharmaceuticals, Inc. (“Peregrine” or the “Company”)
12 maintains its principal executive offices at 14282 Franklin Avenue, Tustin, California
13 92780. Certain of the acts and conduct complained of herein, including dissemination
14 of materially false and misleading information to the investing public, occurred in this
15 District.

16 5. In connection with the acts alleged in this Complaint, defendants, directly
17 or indirectly, used the means and instrumentalities of interstate commerce, including,
18 but not limited to, the mails, interstate telephone communications and the facilities of
19 the national securities markets.

INTRODUCTION

20
21 6. This is a securities class action on behalf of all persons who purchased or
22 otherwise acquired Peregrine common stock between August 30, 2012 and September
23 26, 2012, inclusive (the “Class Period”), against Peregrine and certain of its officers
24 and/or directors for violations of the 1934 Act. These claims are asserted against
25 Peregrine and certain of its officers and/or directors who made materially false and
26 misleading statements during the Class Period in press releases, analyst conference
27 calls, and filings with the SEC.
28

1 7. Peregrine is a clinical-stage biopharmaceutical company that develops
2 and manufactures monoclonal antibodies for the treatment of cancer and viral
3 infections. Peregrine's key product is bavituximab, a phosphatidylserine ("PS")
4 targeting anti-body. Peregrine is studying bavituximab as a primary or front-line and
5 second-line treatment for non-small cell lung cancer.

6 8. Specifically, throughout the Class Period, defendants violated the federal
7 securities laws by disseminating false and misleading statements to the investing
8 public about the effectiveness of the Company's experimental drug bavituximab as a
9 treatment for non-small cell lung cancer, making it impossible for shareholders to gain
10 a meaningful or realistic understanding of the drug's prospects. As a result of
11 defendants' false statements, Peregrine's stock traded at artificially inflated prices
12 during the Class Period, reaching a high of \$5.39 per share on September 21, 2012.

13 9. On September 24, 2012, Peregrine issued a press release warning of
14 discrepancies in the results of the mid-stage lung cancer trial and advising investors
15 that they should not rely on clinical data the Company had previously disclosed from
16 its Phase II bavituximab trial in patients with second-line non-small cell lung cancer.

17 10. On this news, Peregrine's stock plummeted \$4.23 per share to close at
18 \$1.16 per share on September 24, 2012, a one-day decline of 78% on high volume.

19 11. On September 26, 2012, Peregrine filed a Form 8-K with the SEC, which
20 disclosed that the Company had received a written notice of default from Oxford
21 Finance LLC ("Oxford"), with respect to a security agreement the Company had
22 entered into on August 30, 2012. According to the Company, the lender deemed the
23 Company's disclosure on September 24, 2012 concerning the major discrepancies in
24 the results from its cancer trial to be a material adverse change under the terms of the
25 loan agreement and, as result, the lender accelerated the repayment of the loan and
26 demanded repayment in full for the outstanding amounts.

27 12. On this news, Peregrine's stock declined \$0.55 per share to close at \$1.11
28 per share on September 27, 2012, a one-day decline of 33% on high volume.

1 20. Robert L. Garnick ("Garnick") is, and at all relevant times was, the Head
2 of Regulatory Affairs.

3 21. The defendants named above in ¶¶17-20 are referred to herein as the
4 "Individual Defendants."

5 22. The Individual Defendants, because of their positions with the Company,
6 possessed the power and authority to control the contents of Peregrine's quarterly
7 reports, press releases and presentations to securities analysts, money and portfolio
8 managers and institutional investors, *i.e.*, the market. They were provided with copies
9 of the Company's reports and press releases alleged herein to be misleading prior to or
10 shortly after their issuance and had the ability and opportunity to prevent their
11 issuance or cause them to be corrected. Because of their positions with the Company,
12 and their access to material non-public information available to them but not to the
13 public, the Individual Defendants knew that the adverse facts specified herein had not
14 been disclosed to and were being concealed from the public and that the positive
15 representations being made were then materially false and misleading. The Individual
16 Defendants are liable for the false statements pleaded herein.

17 **FRAUDULENT SCHEME AND COURSE OF BUSINESS**

18 23. Defendants are liable for: (i) making false statements; or (ii) failing to
19 disclose adverse facts known to them about Peregrine. Defendants' fraudulent scheme
20 and course of business that operated as a fraud or deceit on purchasers of Peregrine
21 common stock was a success, as it: (i) deceived the investing public regarding
22 Peregrine's prospects and business; (ii) artificially inflated the price of Peregrine
23 common stock; and (iii) caused plaintiff and other members of the Class to purchase
24 Peregrine common stock at inflated prices.

25 **BACKGROUND**

26 24. Peregrine, a biopharmaceutical company, engages in the research and
27 development of monoclonal antibodies for the treatment and diagnosis of cancer and
28 viral infections. Peregrine's key product is bavituximab, a PS targeting anti-body. It

1 is conducting clinical trials of the drug as a treatment for cancers of the pancreas,
2 liver, prostate, breast and for the viral infection Hepatitis C. Peregrine is studying
3 bavituximab as a primary or front-line and second-line treatment for non-small cell
4 lung cancer. The Company is also testing a brain cancer drug called Cotara.

5 **DEFENDANTS' FALSE AND MISLEADING STATEMENTS**
6 **ISSUED DURING THE CLASS PERIOD**

7 25. On August 30, 2012, Peregrine announced that it had secured a \$30
8 million term loan from Oxforde. Under the loan facility, the Company received initial
9 funding of \$15 million and had an option to receive an addition \$15 million. The
10 release stated in part:

11 "This loan facility strengthens our balance sheet as we approach
12 near-term clinical milestones and continue our ongoing partnering
13 discussions," said Paul J. Lytle, chief financial officer of Peregrine.
14 "With the potential \$30 million in total funding, we will have sufficient
15 capital to fund our operations for at least the next 12 months as we
16 advance our lead program toward Phase III development. Leveraging the
17 proof-of-concept data in our lead bavituximab indication in second-line
18 non-small cell lung cancer and our growing contract manufacturing
19 business enabled us to secure this facility, which accomplished the near-
20 term financing goal we announced in mid-July. We appreciate the
21 support of our lender group, their flexibility in structuring a two-tranched
22 loan, and their confidence in the bavituximab program."

23 26. On September 7, 2012, Peregrine issued a press release announcing
24 interim data from the Company's Phase II trial in second-line non-small cell lung
25 cancer that was presented at the 2012 Chicago Multidisciplinary Symposium in
26 Thoracic Oncology. According to the Company, the interim results indicated that
27 lung cancer patients taking bavituximab lived twice as many months as those treated
28 with only chemotherapy. In a mid-stage study of 121 patients, the patients given a

1 “The median overall survival results from the Proof-of Concept
2 study are truly outstanding and great news for patients. Statistically
3 significant overall survival results at this stage of development are rare
4 and have put us in an excellent position for advancing the program. Our
5 attention is now turned to an end of phase II meeting by year end which
6 will help us define the most efficient path forward to potential regulatory
7 approval,” said Robert Garnick, PhD, head of regulatory affairs at
8 Peregrine. “A global Phase III trial designed very similarly to the robust
9 design of this Phase II trial greatly increases bavituximab’s likelihood of
10 success.”

11 27. On September 10, 2012, Peregrine issued a press release announcing its
12 first quarter fiscal year 2013 financial results.¹ The Company provided an update on
13 the development of bavituximab. The release stated in part:

14 “We have achieved major milestones since the end of last quarter
15 with the unblinding of our proof-of-principle bavituximab study in
16 second-line NSCLC in May and the recent announcement of overall
17 survival data from the study being the most significant. The statistically
18 significant overall survival seen in that study is an obvious green light
19 for us to begin plans to advance the program into Phase III and goes a
20 long way toward validating the technology platform,” said Steven W.
21 King, president and chief executive officer of Peregrine. “Following
22 these exciting developments, the upcoming milestones for the program
23 include additional clinical data from eight ongoing bavituximab clinical
24 trials, an end of Phase II meeting with the FDA expected by year end,
25 and potential partnership as the result of ongoing discussions. This is

26
27 ¹ Peregrine’s fiscal year ends April 30.
28

1 truly an exciting time at Peregrine and we look forward to advancing the
2 bavituximab program as well as the rest of our business operations.”

3 28. Subsequently, on September 10, 2012, the Company filed its Form 10-Q
4 with the SEC for the first quarter of fiscal year 2013. The 10-Q contained the positive
5 findings concerning bavituximab that were contained in the Company’s September 7,
6 2012 press release. Defendants King and Lytle signed the 10-Q attesting to the
7 accuracy of the information presented in the SEC filing.

8 29. On September 24, 2012, Peregrine issued a press release entitled
9 “Peregrine Pharmaceuticals Announces That It Has Discovered Major Discrepancies
10 in Treatment Group Coding by an Independent Third-Party Vendor Responsible for
11 Distribution of Blinded Investigational Product Used in Its Bavituximab Phase II
12 Second-Line Non-Small Cell Lung Cancer Trial,” which stated in part:

13 Peregrine Pharmaceuticals announced today that during the course of
14 preparing for an end-of-phase II meeting with regulatory authorities and
15 following recent data announcements from its randomized, double-blind
16 placebo-controlled Phase II trial of bavituximab in second-line non-small
17 cell lung cancer, it discovered major discrepancies between some patient
18 sample test results and patient treatment code assignments. Due to the
19 double-blind nature of the trial, Peregrine was not permitted to have
20 access to either patient group assignments or related product coding
21 information. As part of the trial’s execution, Peregrine contracted with
22 independent third-party contractors to execute treatment group
23 assignments and oversee clinical trial material coding and distribution
24 according to established procedures. A subsequent review of information
25 has determined that the source of these discrepancies appear to have
26 been associated with the independent third-party contracted to code and
27 distribute investigational drug product.

28

1 This discrepancy is specific to this trial and will have no impact on
2 other ongoing bavituximab trials.

3 Peregrine intends to communicate further as soon as it is able to
4 determine the impact of this issue. In the meantime, investors should not
5 rely on clinical data that the company disclosed on or before September
6 7, 2012 from its Phase II bavituximab trial in patients with second-line
7 non-small cell lung cancer or any presentations or other documents
8 related to this Phase II trial.

9 30. After this news, Peregrine's stock plummeted \$4.23 per share to close at
10 \$1.16 per share on September 24, 2012, a one-day decline of 78% on high volume.

11 31. On September 26, 2012, Peregrine filed a Form 8-K with the SEC, which
12 disclosed that the Company had received a written notice of default from Oxford, with
13 respect to a security agreement the Company had entered into on August 30, 2012.
14 According to the Company, the lender deemed the Company's disclosure on
15 September 24, 2012 concerning the major discrepancies in the results from its cancer
16 trial to be a material adverse change under the terms of the loan agreement and, as
17 result, the lender accelerated the repayment of the loan and demanded repayment in
18 full for the outstanding amounts. The Form 8-K stated in part:

19 On September 24, 2012, we received a written notice of default
20 ("Notice of Default") from Oxford Finance LLC, as collateral agent
21 ("Collateral Agent"), on behalf of itself, Silicon Valley Bank, and
22 MidCap Financial SBIC, LP (collectively, the "Lenders"), with respect
23 to that certain loan and security agreement dated as of August 30, 2012,
24 by and among Peregrine, its wholly owned subsidiary, Avid Bioservices,
25 Inc., and the Lenders (the "Loan Agreement"). Pursuant to the Notice of
26 Default, all amounts due under the Loan Agreement were accelerated as
27 a result of the above event, which was deemed a material adverse change
28 under the Loan Agreement, and the Lenders demanded full payment of

1 all obligations under the Loan Agreement, including the outstanding
2 principal amount of \$15 million and all accrued interest thereon, plus a
3 final payment fee equal to 6.5% of the principal amount repaid. On
4 September 25, 2012 Peregrine paid the Lenders all outstanding
5 obligations and the Loan Agreement was terminated.

6 Based on these developments, we believe we will have sufficient
7 capital to fund our operations into the fourth quarter of our fiscal year
8 2013 based on current projections, which includes projected cash inflows
9 under signed contracts with existing customers of Avid Bioservices, and
10 assumes we raise no additional capital from the capital markets or other
11 potential sources. There are a number of uncertainties associated with
12 our financial projections, including but not limited to, termination of
13 third party contracts, technical challenges, the rate at which patients are
14 enrolled into any current or future clinical trials, any of which could
15 reduce, delay or accelerate our future projected cash inflows and
16 outflows.

17 32. On this news, Peregrine's stock declined \$0.55 per share to close at \$1.11
18 per share on September 27, 2012, a one-day decline of 33% on high volume.

19 33. The true facts, which were known by the defendants but concealed from
20 the investing public during the Class Period, were as follows:

21 (a) The previously reported results from Peregrine's Phase II trial in
22 second-line non-small cell lung cancer could not be relied upon, as major
23 discrepancies existed between patient sample test results and patient treatment codes;

24 (b) Peregrine lacked the proper internal controls related to conducting
25 clinical trials and reporting the results of the clinical trials;

26 (c) Peregrine lacked sufficient capital to fund its operations for the
27 long term; and
28

1 (d) Peregrine lacked a reasonable basis to make positive statements
2 about the Company or its outlook, including statements about the effectiveness of
3 bavituximab for patients with non-small cell lung cancer or the Company's ability to
4 fund its operations for the next 12 months.

5 34. As a result of defendants' false statements, Peregrine stock traded at
6 artificially inflated levels during the Class Period. However, after the above
7 revelations seeped into the market, the Company's shares were hammered by massive
8 sales, sending them down 79% from their Class Period high.

9 **LOSS CAUSATION**

10 35. During the Class Period, as detailed herein, the defendants made false
11 and misleading statements and engaged in a scheme to deceive the market and a
12 course of conduct that artificially inflated the price of Peregrine common stock and
13 operated as a fraud or deceit on Class Period purchasers of Peregrine common stock
14 by misrepresenting the Company's business and prospects. Later, when the
15 defendants' prior misrepresentations and fraudulent conduct became apparent to the
16 market, the price of Peregrine common stock fell precipitously, as the prior artificial
17 inflation came out of the price over time. As a result of their purchases of Peregrine
18 common stock during the Class Period, plaintiff and other members of the Class
19 suffered economic loss, *i.e.*, damages, under the federal securities laws.

20 **NO SAFE HARBOR**

21 36. Peregrine's verbal "Safe Harbor" warnings accompanying its oral
22 forward-looking statements ("FLS") issued during the Class Period were ineffective to
23 shield those statements from liability.

24 37. The defendants are also liable for any false or misleading FLS pleaded
25 because, at the time each FLS was made, the speaker knew the FLS was false or
26 misleading and the FLS was authorized and/or approved by an executive officer of
27 Peregrine who knew that the FLS was false. None of the historic or present tense
28 statements made by defendants were assumptions underlying or relating to any plan,

1 projection or statement of future economic performance, as they were not stated to be
2 such assumptions underlying or relating to any projection or statement of future
3 economic performance when made, nor were any of the projections or forecasts made
4 by defendants expressly related to or stated to be dependent on those historic or
5 present tense statements when made.

6 **CLASS ACTION ALLEGATIONS**

7 38. Plaintiff brings this action as a class action pursuant to Rule 23 of the
8 Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise
9 acquired Peregrine common stock during the Class Period (the "Class"). Excluded
10 from the Class are defendants and their families, the officers and directors of the
11 Company, at all relevant times, members of their immediate families and their legal
12 representatives, heirs, successors or assigns and any entity in which defendants have
13 or had a controlling interest.

14 39. The members of the Class are so numerous that joinder of all members is
15 impracticable. The disposition of their claims in a class action will provide substantial
16 benefits to the parties and the Court. Peregrine has over 104 million shares of stock
17 outstanding, owned by hundreds if not thousands of persons.

18 40. There is a well-defined community of interest in the questions of law and
19 fact involved in this case. Questions of law and fact common to the members of the
20 Class which predominate over questions which may affect individual Class members
21 include:

- 22 (a) whether the 1934 Act was violated by defendants;
- 23 (b) whether defendants omitted and/or misrepresented material facts;
- 24 (c) whether defendants' statements omitted material facts necessary to
25 make the statements made, in light of the circumstances under which they were made,
26 not misleading;
- 27 (d) whether defendants knew or deliberately disregarded that their
28 statements were false and misleading;

1 (e) whether the price of Peregrine common stock was artificially
2 inflated; and

3 (f) the extent of damage sustained by Class members and the
4 appropriate measure of damages.

5 41. Plaintiff's claims are typical of those of the Class because plaintiff and
6 the Class sustained damages from defendants' wrongful conduct.

7 42. Plaintiff will adequately protect the interests of the Class and has retained
8 counsel who are experienced in class action securities litigation. Plaintiff has no
9 interests which conflict with those of the Class.

10 43. A class action is superior to other available methods for the fair and
11 efficient adjudication of this controversy.

12 **COUNT I**

13 **For Violation of §10(b) of the 1934 Act and Rule 10b-5**
14 **Against All Defendants**

15 44. Plaintiff incorporates ¶¶1-43 by reference.

16 45. During the Class Period, defendants disseminated or approved the false
17 statements specified above, which they knew or deliberately disregarded were
18 misleading in that they contained misrepresentations and failed to disclose material
19 facts necessary in order to make the statements made, in light of the circumstances
20 under which they were made, not misleading.

21 46. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

22 (a) employed devices, schemes and artifices to defraud;

23 (b) made untrue statements of material facts or omitted to state
24 material facts necessary in order to make the statements made, in light of the
25 circumstances under which they were made, not misleading; or


26 (c) engaged in acts, practices and a course of business that operated as
27 a fraud or deceit upon plaintiff and others similarly situated in connection with their
28 purchases of Peregrine common stock during the Class Period.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: September 28, 2012

ROBBINS GELLER RUDMAN
& DOWD LLP
DARREN J. ROBBINS
DAVID C. WALTON
CATHERINE J. KOWALEWSKI


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Attorneys for Plaintiff

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**CERTIFICATION OF NAMED PLAINTIFF
PURSUANT TO FEDERAL SECURITIES LAWS**

The undersigned declares, as to the claims asserted under the federal securities laws, that:

Plaintiff has reviewed the initial complaint filed in this action.

Plaintiff did not purchase and/or acquire the security that is the subject of this action at the direction of Plaintiff's counsel or in order to participate in any private action under the federal securities laws.

Plaintiff is willing to serve as a representative party on behalf of the class, including providing testimony at deposition and trial, if necessary. I understand that this is not a claim form, and that my ability to share in any recovery as a member of the class is not dependent upon execution of this Plaintiff Certification.

Plaintiff's transactions in the security that is the subject of this action during the Class Period are as follows:

Purchases:

<u>Name of Company</u>	<u>Date(s) Purchased</u>	<u># Shares Purchased</u>	<u>Cost</u>
PPHM	9/10/12	281	\$ 4.71/share
PPHM	9/10/12	290	\$ 4.69/share

Sales:

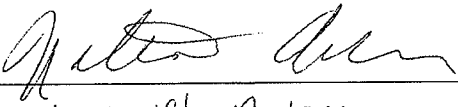
<u>Name of Company</u>	<u>Date(s) Sold</u>	<u># Shares Sold</u>	<u>Proceeds</u>
PPHM	9/10/12	281	\$ 4.98/share

During the three (3) years prior to the date of this certification, Plaintiff has not sought to serve or served as a class representative in an action filed under the federal securities laws except for the following (if any):

Plaintiff will not accept any payment for serving as a representative party on behalf of the class beyond Plaintiff's pro rata share of any recovery, except such reasonable costs and expenses (including lost wages) directly relating to the representation of the class as ordered or approved by the court.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 27 day of Sept, 2012 in Duluth, Georgia.
City State

(Signature) X 
(Print Name) Nathaniel Anderson

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NOTICE OF ASSIGNMENT TO UNITED STATES MAGISTRATE JUDGE FOR DISCOVERY

This case has been assigned to District Judge Stephen V. Wilson and the assigned discovery Magistrate Judge is Stephen J. Hillman.

The case number on all documents filed with the Court should read as follows:

SACV12- 1647 SVW (SHx)

Pursuant to General Order 05-07 of the United States District Court for the Central District of California, the Magistrate Judge has been designated to hear discovery related motions.

All discovery related motions should be noticed on the calendar of the Magistrate Judge

=====

NOTICE TO COUNSEL

A copy of this notice must be served with the summons and complaint on all defendants (if a removal action is filed, a copy of this notice must be served on all plaintiffs).

Subsequent documents must be filed at the following location:

☒ **Western Division**
312 N. Spring St., Rm. G-8
Los Angeles, CA 90012

☐ **Southern Division**
411 West Fourth St., Rm. 1-053
Santa Ana, CA 92701-4516

☐ **Eastern Division**
3470 Twelfth St., Rm. 134
Riverside, CA 92501

Failure to file at the proper location will result in your documents being returned to you.

Name & Address:

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

NATHANIEL L. ANDERSON, Individually and on
Behalf of All Others Similarly Situated

PLAINTIFF(S)

v.

PEREGRINE PHARMACEUTICALS, INC.,
STEVEN W. KING, PAUL J. LYTLE, JOSEPH S.
SHAN and ROBERT L. GARNICK

DEFENDANT(S).

CASE NUMBER

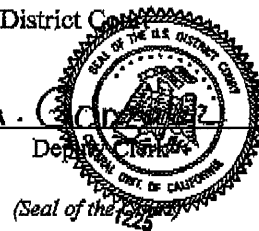
SACV12-01647 SVW (SHx)**SUMMONS**

TO: DEFENDANT(S):

A lawsuit has been filed against you.

Within 21 days after service of this summons on you (not counting the day you received it), you must serve on the plaintiff an answer to the attached ☒ complaint ☐ _____ amended complaint ☐ counterclaim ☐ cross-claim or a motion under Rule 12 of the Federal Rules of Civil Procedure. The answer or motion must be served on the plaintiff's attorney, Catherine J. Kowalewski, whose address is Robbins Geller Rudman & Dowd LLP, 655 W. Broadway, #1900, San Diego, CA 92101. If you fail to do so, judgment by default will be entered against you for the relief demanded in the complaint. You also must file your answer or motion with the court.

Clerk, U.S. District Court

Dated: SEP 28 2012By: A. C. [Signature]

[Use 60 days if the defendant is the United States or a United States agency, or is an officer or employee of the United States. Allowed 60 days by Rule 12(a)(3)].

UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET

I (a) PLAINTIFFS (Check box if you are representing yourself <input type="checkbox"/>) NATHANIEL L. ANDERSON, Individually and on Behalf of All Others Similarly Situated Georgia	DEFENDANTS PEREGRINE PHARMACEUTICALS, INC., STEVEN W. KING, PAUL J. LYTLE, JOSEPH S. SHAN and ROBERT L. GARNICK
(b) Attorneys (Firm Name, Address and Telephone Number. If you are representing yourself, provide same.) Catherine J. Kowalewski (216665) Robbins Geller Rudman & Dowd LLP 655 West Broadway, Suite 1900, San Diego, CA 92101 619.231.1058	Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an X in one box only.) <input type="checkbox"/> 1 U.S. Government Plaintiff <input checked="" type="checkbox"/> 3 Federal Question (U.S. Government Not a Party) <input type="checkbox"/> 2 U.S. Government Defendant <input type="checkbox"/> 4 Diversity (Indicate Citizenship of Parties in Item III)	III. CITIZENSHIP OF PRINCIPAL PARTIES - For Diversity Cases Only (Place an X in one box for plaintiff and one for defendant.) <table style="width:100%; border: none;"> <tr> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> <td style="width:33%;"></td> <td style="width:10%; text-align: center;">PTF</td> <td style="width:10%; text-align: center;">DEF</td> </tr> <tr> <td>Citizen of This State</td> <td align="center"><input type="checkbox"/> 1</td> <td align="center"><input type="checkbox"/> 1</td> <td>Incorporated or Principal Place of Business in this State</td> <td align="center"><input type="checkbox"/> 4</td> <td align="center"><input type="checkbox"/> 4</td> </tr> <tr> <td>Citizen of Another State</td> <td align="center"><input type="checkbox"/> 2</td> <td align="center"><input type="checkbox"/> 2</td> <td>Incorporated and Principal Place of Business in Another State</td> <td align="center"><input type="checkbox"/> 5</td> <td align="center"><input type="checkbox"/> 5</td> </tr> <tr> <td>Citizen or Subject of a Foreign Country</td> <td align="center"><input type="checkbox"/> 3</td> <td align="center"><input type="checkbox"/> 3</td> <td>Foreign Nation</td> <td align="center"><input type="checkbox"/> 6</td> <td align="center"><input type="checkbox"/> 6</td> </tr> </table>		PTF	DEF		PTF	DEF	Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4	Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5	Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6
	PTF	DEF		PTF	DEF																				
Citizen of This State	<input type="checkbox"/> 1	<input type="checkbox"/> 1	Incorporated or Principal Place of Business in this State	<input type="checkbox"/> 4	<input type="checkbox"/> 4																				
Citizen of Another State	<input type="checkbox"/> 2	<input type="checkbox"/> 2	Incorporated and Principal Place of Business in Another State	<input type="checkbox"/> 5	<input type="checkbox"/> 5																				
Citizen or Subject of a Foreign Country	<input type="checkbox"/> 3	<input type="checkbox"/> 3	Foreign Nation	<input type="checkbox"/> 6	<input type="checkbox"/> 6																				

IV. ORIGIN (Place an X in one box only.)

<input checked="" type="checkbox"/> 1 Original Proceeding	<input type="checkbox"/> 2 Removed from State Court	<input type="checkbox"/> 3 Remanded from Appellate Court	<input type="checkbox"/> 4 Reinstated or Reopened	<input type="checkbox"/> 5 Transferred from another district (specify):	<input type="checkbox"/> 6 Multi-District Litigation	<input type="checkbox"/> 7 Appeal to District Judge from Magistrate Judge
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V. REQUESTED IN COMPLAINT: JURY DEMAND: ☒ Yes ☐ No (Check 'Yes' only if demanded in complaint.)

CLASS ACTION under F.R.C.P. 23: ☒ Yes ☐ No **MONEY DEMANDED IN COMPLAINT:** \$

VI. CAUSE OF ACTION (Cite the U.S. Civil Statute under which you are filing and write a brief statement of cause. Do not cite jurisdictional statutes unless diversity.)
 15 U.S.C. §§78j(b) and 78d(a) COMPLAINT FOR VIOLATION OF THE FEDERAL SECURITIES LAWS

VII. NATURE OF SUIT (Place an X in one box only.)

OTHER CAUSES OF ACTION <input type="checkbox"/> 400 State Reapportionment <input type="checkbox"/> 410 Antitrust <input type="checkbox"/> 430 Banks and Banking <input type="checkbox"/> 450 Commerce/ICC Rates/etc. <input type="checkbox"/> 460 Deportation <input type="checkbox"/> 470 Racketeer Influenced and Corrupt Organizations <input type="checkbox"/> 480 Consumer Credit <input type="checkbox"/> 490 Cable/Sat TV <input type="checkbox"/> 810 Selective Service <input checked="" type="checkbox"/> 850 Securities/Commodities/Exchange <input type="checkbox"/> 875 Customer Challenge 12 USC 3410 <input type="checkbox"/> 890 Other Statutory Actions <input type="checkbox"/> 891 Agricultural Act <input type="checkbox"/> 892 Economic Stabilization Act <input type="checkbox"/> 893 Environmental Matters <input type="checkbox"/> 894 Energy Allocation Act <input type="checkbox"/> 895 Freedom of Info. Act <input type="checkbox"/> 900 Appeal of Fee Determination Under Equal Access to Justice <input type="checkbox"/> 950 Constitutionality of State Statutes	CONTRACTS <input type="checkbox"/> 110 Insurance <input type="checkbox"/> 120 Marine <input type="checkbox"/> 130 Miller Act <input type="checkbox"/> 140 Negotiable Instrument <input type="checkbox"/> 150 Recovery of Overpayment & Enforcement of Judgment <input type="checkbox"/> 151 Medicare Act <input type="checkbox"/> 152 Recovery of Defaulted Student Loan (Excl. Veterans) <input type="checkbox"/> 153 Recovery of Overpayment of Veterans' Benefits <input type="checkbox"/> 160 Stockholders' Suits <input type="checkbox"/> 190 Other Contract <input type="checkbox"/> 195 Contract Product Liability <input type="checkbox"/> 196 Franchise <input type="checkbox"/> 210 Land Condemnation <input type="checkbox"/> 220 Foreclosure <input type="checkbox"/> 230 Rent Lease & Ejectment <input type="checkbox"/> 240 Torts to Land <input type="checkbox"/> 245 Tort Product Liability <input type="checkbox"/> 290 All Other Real Property	TORTS PERSONAL INJURY <input type="checkbox"/> 310 Airplane <input type="checkbox"/> 315 Airplane Product Liability <input type="checkbox"/> 320 Assault, Libel & Slander <input type="checkbox"/> 330 Fed. Employers' Liability <input type="checkbox"/> 340 Marine <input type="checkbox"/> 345 Marine Product Liability <input type="checkbox"/> 350 Motor Vehicle <input type="checkbox"/> 355 Motor Vehicle Product Liability <input type="checkbox"/> 360 Other Personal Injury <input type="checkbox"/> 362 Personal Injury-Med Malpractice <input type="checkbox"/> 365 Personal Injury-Product Liability <input type="checkbox"/> 368 Asbestos Personal Injury Product Liability <input type="checkbox"/> 462 Naturalization Application <input type="checkbox"/> 463 Habeas Corpus-Alien Detainee <input type="checkbox"/> 465 Other Immigration Actions	PROPERTY <input type="checkbox"/> 370 Other Fraud <input type="checkbox"/> 371 Truth in Lending <input type="checkbox"/> 380 Other Personal Property Damage <input type="checkbox"/> 385 Property Damage-Product Liability <input type="checkbox"/> 422 Appeal 28 USC 158 <input type="checkbox"/> 423 Withdrawal 28 USC 157 <input type="checkbox"/> 441 Voting <input type="checkbox"/> 442 Employment <input type="checkbox"/> 443 Housing/Accommodations <input type="checkbox"/> 444 Welfare <input type="checkbox"/> 445 American with Disabilities - Employment <input type="checkbox"/> 446 American with Disabilities - Other <input type="checkbox"/> 440 Other Civil Rights	PRISONER PETITIONS <input type="checkbox"/> 510 Motions to Vacate Sentence <input type="checkbox"/> 530 General <input type="checkbox"/> 535 Death Penalty <input type="checkbox"/> 540 Mandamus/Other <input type="checkbox"/> 550 Civil Rights <input type="checkbox"/> 555 Prison Condition FOREIGN DISSENT <input type="checkbox"/> 610 Agriculture <input type="checkbox"/> 620 Other Food & Drug <input type="checkbox"/> 625 Drug Related <input type="checkbox"/> 630 Liquor Laws <input type="checkbox"/> 640 R.R. & Truck <input type="checkbox"/> 650 Airline Regs <input type="checkbox"/> 660 Occupational Safety/Health <input type="checkbox"/> 690 Other	LABOR <input type="checkbox"/> 710 Fair Labor Standards Act <input type="checkbox"/> 720 Labor/Mgmt. Relations <input type="checkbox"/> 730 Labor/Mgmt. Reporting & Disclosure Act <input type="checkbox"/> 740 Railway Labor Act <input type="checkbox"/> 790 Other Labor Litigation <input type="checkbox"/> 791 Empl. Ret. Inc. Security Act PROPERTY RIGHTS <input type="checkbox"/> 820 Copyrights <input type="checkbox"/> 830 Patent <input type="checkbox"/> 840 Trademark <input type="checkbox"/> 861 HIA (1395ff) <input type="checkbox"/> 862 Black Lung (923) <input type="checkbox"/> 863 DIWC/DIWW (405(g)) <input type="checkbox"/> 864 SSID Title XVI <input type="checkbox"/> 865 RSI (405(g)) <input type="checkbox"/> 870 Taxes (U.S. Plaintiff or Defendant) <input type="checkbox"/> 871 IRS-Third Party 26 USC 7609
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FOR OFFICE USE ONLY: Case Number: **SACV12-01647 SVW (SHx)**

AFTER COMPLETING THE FRONT SIDE OF FORM CV-71, COMPLETE THE INFORMATION REQUESTED BELOW.

**UNITED STATES DISTRICT COURT, CENTRAL DISTRICT OF CALIFORNIA
CIVIL COVER SHEET**

VIII(a). IDENTICAL CASES: Has this action been previously filed in this court and dismissed, remanded or closed? ☒ No ☐ Yes

If yes, list case number(s): _____

VIII(b). RELATED CASES: Have any cases been previously filed in this court that are related to the present case? ☒ No ☐ Yes

If yes, list case number(s): _____

Civil cases are deemed related if a previously filed case and the present case:

- (Check all boxes that apply) ☐ A. Arise from the same or closely related transactions, happenings, or events; or
☐ B. Call for determination of the same or substantially related or similar questions of law and fact; or
☐ C. For other reasons would entail substantial duplication of labor if heard by different judges; or
☐ D. Involve the same patent, trademark or copyright, and one of the factors identified above in a, b or c also is present.

IX. VENUE: (When completing the following information, use an additional sheet if necessary.)

- (a) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named plaintiff resides.
☐ Check here if the government, its agencies or employees is a named plaintiff. If this box is checked, go to item (b).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
	Georgia

- (b) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** named defendant resides.
☐ Check here if the government, its agencies or employees is a named defendant. If this box is checked, go to item (c).

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange County	

- (c) List the County in this District; California County outside of this District; State if other than California; or Foreign Country, in which **EACH** claim arose.
Note: In land condemnation cases, use the location of the tract of land involved.

County in this District:*	California County outside of this District; State, if other than California; or Foreign Country
Orange County	

* Los Angeles, Orange, San Bernardino, Riverside, Ventura, Santa Barbara, or San Luis Obispo Counties

Note: In land condemnation cases, use the location of the tract of land involved

X. SIGNATURE OF ATTORNEY (OR PRO PER): Catherine J. Kouskousis Date September 28, 2012

Notice to Counsel/Parties: The CV-71 (JS-44) Civil Cover Sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law. This form, approved by the Judicial Conference of the United States in September 1974, is required pursuant to Local Rule 3-1 is not filed but is used by the Clerk of the Court for the purpose of statistics, venue and initiating the civil docket sheet. (For more detailed instructions, see separate instructions sheet.)

Key to Statistical codes relating to Social Security Cases:

Nature of Suit Code	Abbreviation	Substantive Statement of Cause of Action
861	HIA	All claims for health insurance benefits (Medicare) under Title 18, Part A, of the Social Security Act, as amended. Also, include claims by hospitals, skilled nursing facilities, etc., for certification as providers of services under the program. (42 U.S.C. 1935FF(b))
862	BL	All claims for "Black Lung" benefits under Title 4, Part B, of the Federal Coal Mine Health and Safety Act of 1969. (30 U.S.C. 923)
863	DIWC	All claims filed by insured workers for disability insurance benefits under Title 2 of the Social Security Act, as amended; plus all claims filed for child's insurance benefits based on disability. (42 U.S.C. 405(g))
863	DIWW	All claims filed for widows or widowers insurance benefits based on disability under Title 2 of the Social Security Act, as amended. (42 U.S.C. 405(g))
864	SSID	All claims for supplemental security income payments based upon disability filed under Title 16 of the Social Security Act, as amended.
865	RSI	All claims for retirement (old age) and survivors benefits under Title 2 of the Social Security Act, as amended. (42 U.S.C. (g))